

Pressure on Israel

Q: With all the potential leverage we have on Israel, why don't you use some of it to get Israel to make some compromises?

A: It is important to bear in mind two factors:

-- there can be no peace in the Middle East unless Israel is secure. We are committed to its security, and we provide it with great quantities of assistance and modern arms to that end. Seeking to weaken Israel through "pressure," therefore, could fly in the face of our concern for Israel's security, and would undermine Israeli political confidence in the peace process;

-- the resolution of the Arab-Israeli conflict must be a political process, reached through political decision. Thus any agreement in the autonomy talks, to have any value, must have the approval of the prime minister, cabinet, Knesset, and people of Israel. Therefore, there is only one way to reach success: to work through each issue patiently and persistently, until there can be agreement that makes sense to both Israel and to Egypt. I am confident that that is possible, and will do all that I can to help.

We must also understand that the decisions and choices Israel is facing in the autonomy talks are among the most difficult in its entire history. It can only make those choices against a background of confidence in its security and its future. We are committed to helping provide that essential confidence. Israel needs our understanding at this difficult time. It will have it.

AFGHANISTAN

Reagan

The Reagan Response to Afghanistan

Opposing the President's actions, Reagan proposed his own plan to counter the Soviet invasion of Afghanistan. Soon after the invasion Reagan advocated sending advisers, and stationing war planes in Pakistan. He also suggested that the United States send weapons to Afghanistan.

"(W)e ought to be funneling weapons through there that can be delivered to those freedom fighters in Afghanistan to fight for their own freedom. That would include those shoulder-launched, heat-seeking missiles that could knock down helicopter gun ships that the Soviets are using against them."

Washington Post
January 10, 1980

But that was not enough. Reagan also proposed that the United States blockade Cuba in retaliation for the Soviet invasion of Afghanistan.

"One option might well be that we surround the island of Cuba and stop all traffic in and out."

New York Times
January 29, 1980

Even though Reagan advocated military options to counter the Soviet invasion, he opposed draft registration.

"Indeed, draft registration may actually decrease our military preparedness, by making people think we have solved our defense problem..."

Quoted by Senator Hatfield
Congressional Record
June 4, 1980

Although Reagan decries vacillation in United States foreign policy, and calls for a greater show of military force, his statements during the Afghanistan crisis call into question whether Reagan has the understanding and steadfastness required to initiate an effective U.S. response. Of the three steps the President initiated to counter the Soviets, Reagan opposed both the grain embargo and draft registration, and he vacillated on the Olympic boycott.

AFGHANISTAN

Bush

"The idea of blockading Cuba, which Ronald Reagan has proposed, risks nuclear war and would require the entire Atlantic fleet. It wasn't Cuba that invaded Afghanistan, it was Russia. The way to peace is to keep this country strong, not through reckless foreign policy."

Milford, CT
Washington Star
March 22, 1980

Bush

"Ronald Reagan has proposed a blockade of Cuba to stop Russia aggression halfway around the world. I would not. I don't believe that is right. I don't know where all the ships would come from to do it. I don't quite see the relevance. I am not soft on Castro. I believe Castro is trying to export revolution...but there has to be some adherence to international law.

"I can see some vague relationship, inasmuch as Russia is training Cubans to be their surrogates in Africa, but I don't see why when the Soviets are aggressors in Afghanistan we declare war on China. That's not my conception of how one uses power or how one makes foreign policy decisions."

Manchester, NH
Washington Post
February 10, 1980

Bush

"I think you're going to see a peace offensive by the Soviet Union. I think they underestimated world opinion. I don't think they want war today. I think you're going to see a pullback, maybe this summer."

Chicago Council on Foreign Relations
New York Times
March 24, 1980

Bush

"So, getting them (Soviets) out (of Afghanistan), I think, will be part of a Soviet peace effort, an idea to show that they really aren't the brutal aggressors that they are and I think that's what's going to do it. It's going to be more world opinion than it is bristling weapons lined up against the. But, the ideas that they've stabilized things is not quite accurate. They've stabilized it militarily, but they haven't stabilized the heartbeat of the Afghans, and don't forget it, and we haven't heard the last of it. You do not brutally aggress and crush a people and have a permanent stability.

That's not what's happened."

Bill Moyers' Journal
WNET/Thirteen
March 6, 1980

Bush

"But the Soviets also will have an energy shortfall in the mid-1980's and so the Afghanistan invasion can also be seen as a drive toward warm-water ports and Middle East oil fields."

Interviews with J.F.terHorst
Detroit, MI, News

Carter

"The Soviet attack on Afghanistan and the ruthless extermination of its government have highlighted in the starkest terms the darker side of their policies - going well beyond competition and the legitimate pursuit of national interest, and violating all norms of international law and practice.

This attempt to subjugate an independent, non-aligned Islamic people is a callous violation of international law and the United Nations Charter, two fundamentals of international order. Hence, it is also a dangerous threat to world peace. For the first time since World War II, the Soviets have sent combat forces into an area that was not previously under their control, into a non-aligned and sovereign state.

On January 4 I therefore announced a number of measures, including the reduction of grain sales and the curtailment of trade and technology transfer, designed to demonstrate our firm opposition to Soviet actions in Afghanistan and to underscore our belief that in the face of this blatant transgression of international law, it was impossible to conduct business-as usual. I have also been in consultation with our allies and with countries in the region regarding additional multilateral measures that might be taken to register our disapproval and bolster security in Southwest Asia. I have been heartened by the support expressed for our position, and by the fact that such support has been tangible, as well as moral.

State of the Union Address
January, 1980

Mondale

"America has moved decisively. To show the Soviet Union that it cannot invade another nation and still conduct business as usual with the United States, our country has embargoed 17 million tons of grain; tightened controls on high technology trade; limited Soviet fishing in our waters; raised our defense budget to upgrade all aspects of our forces; strengthened our naval presence in the Indian Ocean; intensified development of our Rapid Deployment Forces; and offered to help other sovereign states in the region to maintain their security.

In the UN General Assembly, the United States joined more than a hundred other nations in an unprecedented majority -- calling for the immediate, unconditional, and total withdrawal of Soviet troops from Afghanistan. But the President, the Congress, and the American people understand that a world which travels to the Moscow Games devalues its condemnation and offers its complicity to Soviet propaganda.

Address to U.S. Olympic Committee
April, 1980

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Reagan & Bush

Reagan Bush Committee

901 South Highland Street, Arlington, Virginia 22204 (703) 685-3400

M E M O R A N D U M

TO: Ronald Reagan
FROM: Richard B. Wirthlin
DATE: October 24, 1980
RE: Summary of the Debate Strategy*

1. Be yourself. Don't hesitate, however, to attack Carter strongly on his record or to diffuse with disarming humor his personal charges when they become overblown.
2. Focus the thrust of each answer on Carter's incompetence and weak record.
3. In the presentation of your public policies show how they will impact people.
4. Cite the specific steps in your strategies for peace and economic growth.
5. Millions of voters are frustrated and disillusioned; they are looking for a competent, compassionate leader capable of giving them hope about the prospects for the future.
6. The key to the debate is to motivate Republicans and ticket-splitters to turnout on election day.
7. Our advantage lies in the fact that you are the best electronic media candidate in history.
8. Regardless of Carter's challenges, it is critical that you demonstrate constraint, firmness, moderation and compassion.
9. Use selected examples of Carter's mismanagement of government, his misstatements and flip-flops.

*Attached is a longer memo for your perusal.

Reagan & Bush

Reagan Bush Committee

901 South Highland Street, Arlington, Virginia 22204 (703) 685-3400

M E M O R A N D U M

TO: Reagan/Bush Campaign

FROM: Richard B. Wirthlin, Richard S. Beal & Myles Martel

DATE: October 21, 1980

RE: Reagan-Carter Debate Strategy

Campaign and Debate Axiom

If the Governor succeeds Tuesday in making Jimmy Carter's record the major issue of the debate and the campaign, we will succeed in the debate and win the general election.

If, however, Carter makes Ronald Reagan the issue of the debate and the campaign, we will lose both.

The above axiom holds because the major debate task turns on enhancing Ronald Reagan's perceived trustworthiness.

- Simply, if voters believe Ronald Reagan is more worthy of their trust after the debate than they did before, his vote support will expand and strengthen.
- This can be accomplished if the debate focuses on Carter's incompetence and weak record in office, and Reagan's compassion. Neither position can be reinforced when the Governor defends past positions.

Target Audience and the Voter Turnout Objective

The target audience consists of a key segment of the American vote--Republicans and ticket-splitters. It is these voters, not the panel and certainly not Carter the Governor is addressing.

- The Governor has already built a coalition large enough to win the presidential election, and hence, we want to use this debate to re-inforce our base and motivate them to turn out on election day.

- Our empirical studies show that if we increase the turnout of our voters by 2% over Carter's, it increases our electoral margin by 30 electoral votes.

The campaign strategy has been to deal initially to our Republican and conservative base, then to broaden our appeal, and finally to return to the base during these last two weeks of the campaign.

- The surveys show that we need, at this juncture, to increase our appeal among Republicans and ideologically moderate ticket-splitters who need to be reinforced through the Governor's debate performance.
- In answering the questions during the debate, the Governor must remember that ticket-splitters are solution oriented, somewhat skeptical and more interested in the issues and public policy than the image traits of the candidates.

These voters will respond to references to the "Nine Steps" in the Governor's peace strategy with the three critical elements of the "Strategy for Economic Growth." It is extremely important to avoid references to "Republicans and Democrats" or "I am a conservative" because ticket-splitters are non-partisans who are put-off by these words.

The Anderson debate helped, generally, to broaden our political base. Today the Reagan vote is larger, more committed and includes more segments of the voting population than does Carter's. Carter's base remains very fluid and uncertain.

The debate should help to solidify further the Reagan base and motivate them to turn out on election day. Only 22% of the electorate are self-identified Republicans, hence without the support of these ticket-splitters the Governor could not be elected.

Major Advantages

The principal advantages the Governor maintains going into this debate are:

- He has already debated six times before in this campaign and is more accustomed to such events.
- He is the best electronic media candidate in history.
- He will appear robust and vigorous by comparison to Carter who will likely appear bleached out and tense.

Principal Strategic Objectives

Televised political debates focus on image attributes more than issue positions. The image attributes we need to reinforce are:

- Competence
- Compassion
- Reasonableness, moderation, and thoughtfulness
- Strength

Essentially, the debate objective is:

Present Ronald Reagan as a reasonable and compassionate man with a vision of America and the competence to take us from simply providing the hope that vision conveys to its actualization.

How is this objective achieved?

Carter's attack strategy will undoubtedly try to represent Reagan's policies as "naive, unrealistic, anachronistic, and Alice-in-Wonderlandish." In response to this attack, the Governor has an excellent opportunity to show constraint, thoughtfulness and strength. And, when the attack becomes overblown, he should use disarming humor which will build both rapport and trust with the electorate.

It is essential for the Governor to use his answers to show that he is aware of different sides of the issues, that they are complex and that only after thoughtful consideration has he settled on a particular policy orientation. In response to the Carter attacks that "he has flip-flopped," the Governor can use such attacks to demonstrate reasonableness and the lack of policy rigidity.

Carter's Attack Strategy

Exploit Reagan's flip-flops.

Make extensive use of Reagan quotes, e.g. during Democratic Convention.

Attack the Reagan California record and how Reagan has "distorted it."

Reagan's Response Strategy

Use changes to show reasonableness; defend public policy changes because circumstances have changed.

Counter with Carter and Kennedy quotes; avoid unnecessarily strident reactions; bring the discussion back to the Carter record.

Defend with confidence and indignation; moving as quickly as possible back to the Carter record as the real issue; avoid unnecessary stridency; counter with "when Governor Carter approached this problem in his state, the record shows..." but the real issue of this is the Carter record which show he still hasn't been able to solve the

Carter's Attack Strategy

Attack Reagan's ideas as "quick fixes" that are unrealistic and even unworkable.

Suggest Reagan would be a dangerous man in the White House.

Reagan's Response Strategy

problems and maintain presidential tone and demeanor; act humored by Carter California record attacks--he doesn't understand the problems of California anymore than of the nation.

Given the Carter record, the Carter Administration is incapable of evaluating what would work or not work; argue most Carter policies are in place for such a short time before Mr. Carter changes his mind that their only impact is a quick fix.

Respond with righteous indignation; no one wants peace more than I, after all, what reasonable person would not; the difference between Mr. Carter and I is my commitment to deter conflict by being economically and militarily strong, and pursuing a consistent foreign policy; uncertainty in our foreign policy is more apt to cause an international crisis that would result in war, than to have a strong economy and military.

Several general points should be followed in the Governor's response strategy during the debate.

- It is not necessary to answer or respond to each of Carter's charges.
- It is especially important that the Governor be prepared for Carter's distortions of the California record. A good response to much of what Carter will say in this regard is something the Governor has already said: "You know, it's one thing when the Carter Administration jimmies its own economic figures to make its record look good, but when Mr. Carter starts jimmying my figures, that's going too far."
- The bottom line on the California record is that Californians were better off after the Governor's two terms of office, than this country is after four years of Jimmy Carter.

- The Governor's responses must appear confident and strong, not strident.

Reagan Attack Strategy

The Governor should use his answers to remind the public of:

- Carter, instead of leading the people to greater peace and prosperity, was content to declare there was a malaise in the country and that it would not matter who was President the economy would be just as bad.
- Carter has failed to provide a steady hand at the helm, especially in foreign policy. We have very little support from our allies and largely undeveloped and fragmented policies toward our adversaries.
- Carter has been indecisive, and unwilling to pursue vigorously domestic and international policies.
- More than any previous administration, the Carter Administration has politicized the cabinet and compromised the non-partisan functions of the Departments of State and Defense.

Tactics and Special Considerations

- Emphasize strength and decisiveness while avoiding stridency. Anderson's stridency hurt him in the previous debate.
- Use of a combination of "Mr. Carter" and "President Carter" with more frequent use of "Mr. Carter."
- Remember the debate is between Ronald Reagan the candidate for President, and Jimmy Carter the candidate for the same office. When making references to the 1976 campaign, use "Jimmy Carter."
- Compassion is most easily communicated by referring to situations during the course of campaign experiences.
- Make use of the voter appeal of George Bush by referencing consultations and policy discussions with him.
- Avoid unnecessary references to "the past" and buzz words that alienate blocs of voters, e.g. "detente."

Reagan: Competence and Compassion

The man who will be the President of the United States for the next four years is:

The man who correctly identifies the nation's most pressing problems; and has the drive and ability to resolve them compassionately.

- What the American people want most is leadership in the White House that will give them hope that the country is heading in a direction that will mean greater security and prosperity.
- They are tired of pessimism and the acquiescence to mediocrity. But they are equally wary of political promises by office seekers who are not truly committed to the welfare of the people.
- Americans are looking for specific policy options such as those enumerated in the two speeches--"Strategy for Peace" and "Strategy for Economic Growth," which will already be given by the time of the debate. The Governor should not hesitate to repeat the steps outlined in each.

The Governor must communicate to the American people through his answers that it is the people's interests he intends to serve. The people say the thing that is killing them is inflation, and a weak economy. What will restore this country to its proper bearings is a President committed to reducing inflation and improving the economy.

MEMO TO: Governor Reagan
FROM: James A. Baker III/Myles Martel
RE: 10/28/80 Cleveland Debate Strategy
DATE: October 24, 1980

1. When responding to a question or being attacked, turn to Carter's record, proposals, campaign style, or a faulty logic as soon as possible.

Attack him harder on domestic matters than on international matters. Even anger may be appropriate on economic issues.

Meet offensive with offensive. Don't feel obligated to defend particulars of your positions.

Teddy Kennedy quotes and verbatim 1976 Carter promises can be most useful in waging the anti-Carter attack.

2. Let Carter set the attack tone of the debate. Attempt to equal -- but not surpass -- his tone. He will probably -- but not definitely -- attack you hard on most fronts: California record, misstatements, flip-flops, positions, programs.
3. You are debating "Carter the candidate" more than "Carter the President".
4. Show righteous indignation in responding to:
 - a. Carter's attacks or innuendos that you are dangerous
 - b. Attacks directed at your California credentials

Looking directly at Carter in such instances may be very effective. This not only causes Carter's strategy to backfire, but also makes you appear strong and in control.

5. Humor or a confident smile can also disarm Carter when he thinks he's got you where he wants you.
6. Avoid appearing too defensive when responding to a sharp attack. Remaining in control -- composed -- Presidential is an absolute must.
7. When Carter is speaking -- especially when he is attacking you -- look at him or take notes. Avoid looking downward (Baltimore).
8. Wherever possible, weave your major theme into responses.

"Jimmy Carter has had his chance and has blown it (relate to examples that fit question); you offer promise -- hope."

9. When referring to Presidential actions, call Carter "Mr. Carter". When referring to Carter's 1976 campaign promises -- as you should -- refer to him as "Jimmy Carter".
10. When answering a question about a "people problem", identify with the problem (compassion), then state your position.
11. Conclude your responses with an attack line against Carter or a people-oriented line based on your proposals. Try to balance negative and positive endings of responses.
12. Avoid unnecessary references to the past and buzz words that alienate voters, e.g. detente.
13. Work George Bush into your responses.
14. Show compassion by drawing from experiences on the campaign trail as you do so well (anecdotal references).

Reagan and Carter Advisers Work on Debate Strategies

By HEDRICK SMITH
Special to The New York Times

THE NEW YORK TIMES

FRIDAY, OCTOBER 24, 1980

WASHINGTON, Oct. 23 — In next Tuesday's Presidential debate in Cleveland, which both sides regard as the potentially decisive event of the campaign, Ronald Reagan and President Carter are aiming toward several collisions on the issues as well as contrasts of style.

The Republican challenger has said that he sees the debate as an opportunity to come off the defensive on foreign policy and to press Mr. Carter on his record, especially his handling of the economy. "It's a unique opportunity to point out the failures of the Carter record," said Edward Meese 3d, Mr. Reagan's chief of staff.

Mr. Reagan's advisers have set up three days of briefings to prepare their candidate so that he comes across to voters as knowledgeable and reasonable and to reassure the still considerable body of undecided voters that he is neither rash nor risky.

The Carter side sought to structure the debate for a maximum amount of exchange and rebuttals between the two men, to give the President a chance to show his expertise as well as to confront Mr. Reagan on his specific positions.

'Smell of Political Expediency'

"Reagan is vulnerable on both last-minute positions that have the smell of political expediency and in terms of other positions that aren't workable," said Jody Powell, the White House press secretary. "We're going to have at that in pretty direct fashion."

"We expect Carter to come on pretty hard," acknowledged Mr. Meese. "But it's going to be a lot harder for Carter to engage in low blows with someone there facing him."

Some Presidential strategists are already counseling that he should soften what some have criticized as the shrill tone of some of his attacks on Mr. Reagan. "We wouldn't want him to look too tough," said one senior Carter aide.

A few Reagan aides hope the President will have a sharp edge, expecting to gain from a backlash among viewers. But most believe that Mr. Carter will deliver a cool and polished performance.

Appearance, Not Facts

The Reagan camp does not want its man to try to make debating points against the President or match Mr. Carter fact for fact, on the ground that the Californian's great strength is in conveying reassurance to viewers with his calm, telegenic manner, his soothing voice and his easy smiles and folksy nods.

"I think appearance is more important than a whole bunch of facts — how you look, how you act, and how you present yourself," said William E. Timmons, Mr. Reagan's deputy campaign manager. "Reagan will be calm, cool and collected and the President will be tense, just as he was at the Al Smith dinner in New York the other night."

Right now each side is seeking to lower expectations and talk up the other man's skill. Reagan aides contend that the President, as incumbent, has an advantage because of his detailed knowledge of the day-to-day workings of the Government. But Carter lieutenants say that their man has more to lose because the public expects more of him.

For the Carter side, the ideal result would be for Mr. Reagan to make a gaffe that would leave him on the defensive. For the Reagan team, the best outcome would be for the President to come across as tense and shrill.

Neither Side Taking Chances

Each side has laid on extensive preparations and slowed its pace so its candidate can catch his breath and aides can focus on this one event.

The Reagan camp, following techniques used for the earlier debate with John B. Anderson, is making plans to set up mock panels of questioners over the weekend to run Mr. Reagan through live rehearsals of likely questions.

Getting ready for the Anderson debate, Mr. Reagan was put through his paces by Senators Howard H. Baker Jr. of Tennessee and John G. Tower of Texas, former Treasury Secretary William E. Simon and Representative Margaret Heckler of Massachusetts, who acted as questioning reporters. David Stockman, a former An-

derson aide who joined the Reagan campaign, was a stand-in for Mr. Anderson.

James A. Baker 3d, the Reagan debate manager, refuses to say who will stand in for President Carter in the rehearsals.

Movies and Briefing Books

Although Mr. Reagan will probably be shown movies of the 1976 Presidential debates to study Mr. Carter's debating style, Mr. Carter's aides said that the President had already watched Mr. Reagan debate several times this year. Mr. Carter will use the extensive question-and-answer briefing books that he normally employs for news conferences.

The Carter team initially proposed that the two men debate each other with only a moderator and no questioners. But the Reagan side objected, Mr. Meese said, on the ground that Mr. Carter would be evasive and that a structured format with follow-up questions would "make it easiest to call him into account."

Mr. Powell said the Carter side was particularly pleased that the debate, which will be held in Cleveland Convention Center, would permit reporters to follow up questions and the candidates to rebut and counter-rebut each other.

"I don't think anyone's counting on getting Reagan rattled," he said. "What we've got to do is make sure he gets called on inconsistencies and implausibilities in his positions."

Other Carter aides disclosed that memorandums had been prepared detailing shifts in Mr. Reagan's positions on tuition tax credits, the Iranian hostage issue, relations with Moscow, Social Security and the selection of judges.

Reagan aides said their man would welcome the chance to talk more about war and peace issues as well as the economy. They said that he would be ready to discuss the hostage issue but would not raise it. "That's a hand grenade for both sides," said one Reagan aide.

LIKELY CARTER ATTACK LINES

- Carter Attacks
- RR Flip-Flops

CARTER ATTACK LINES

Economy

1. RR economic proposals are wildly inflationary.
2. RR can't cut taxes, raise defense spending, and balance the budget -- unless he uses mirrors or drastically cuts social programs.
3. RR plan is Robin Hood in reverse -- take from the poor and give to the rich. More GOP trickle down.

Energy

RR claims of massive domestic oil and gas supplies are exaggerated.

RR's plans would greatly enrich big oil.

Environment

RR believes pollution is caused by elements of our own environment -- trees, volcanoes, etc. RR thinks pollution under control; yet, there is a long way to go.

Urban - Housing

RR proposal to turn urban problems over to cities means abandoning urban areas to further decay. Fed must help because local governments don't have resources to help themselves.

Labor

RR pretends to be a friend of labor, but opposes decent minimum wage, Davis-Bacon wage protection.

Health

RR at one time opposed Medicare and Medicaid, and now opposes comprehensive national health insurance, yet there are so many individuals who can't afford private care.

Education - Welfare

RR opposes Department of Education which will provide coordinated, comprehensive policy of education for this country.

Women's Issues

RR doesn't support keystone of women's rights campaign.
Supreme Court suggestion is selling seat for votes.

Minorities and Civil Rights

RR has been insensitive to the needs of blacks and other minorities. Would divide nation.

Defense

RR has habit of calling for use of military force in every tense international situation. A dangerous habit.

Defense -- Arms Control

RR would scrap SALT II treaty, leaving no arms control policy in place and no basis for SALT III. This would encourage arms race.

Nonproliferation

RR states nonproliferation is "none of our business."
This simplistic policy leads to dangerous potential for expansion of nuclear club and nuclear holocaust.

China

RR would disrupt the U.S. friendship with China over Taiwan issue, a policy which has been prompted by 3 Presidents and has provided for increased trade opportunities, as in the case of grain sales, and is helpful in counterbalancing the power of USSR.

Overall

RR has been flip-flopping on issues just to win votes.
Who is the real Ronald Reagan?

DEFENSE ON REAGAN "FLIP-FLOPS"

Carter and Mondale have been charging that RR is shifting his position on many issues (e.g., OSHA NYC bailout, Chrysler, etc.) in order to win votes.

Points to be Made:

1. Amazed that Mr. Carter would dare to raise that issue -- given his performance. Since 1976, he's changed his position so many times that State Dept. may have to stop giving policy briefings every day -- and make them every hour.

- 5 economic policies, 3 in past 8 months
- Changed his mind on defense, natural gas deregulation, UN resolution on Jerusalem, etc., etc.

2. With regard to RR's position, his philosophy has not changed -- basically believes that we must get America moving again and that instead of a weak America, we must have a strong America.

3. On some issues, RR has indeed modified his stance but these have been for good reasons:

- On some issues, circumstances have changed. Example: Mayor Koch has done an excellent job in NYC that RR believes Washington should continue to support the city. Anyone running for President must know enough to take changing circumstances into account.
- RR also knows that a President -- to be a good President -- must represent all the people -- rich and poor, white and black, hardhats and shopkeepers -- and that's what he intends to do.

4. So, there may have been some changes and no doubt, if elected, RR may occasionally make changes in the future. But there is one thing that unfortunately cannot be changed today -- and that is the record of the Carter administration over the past 4 years and the misery, suffering it has caused. That is the heart of this campaign -- and that is what we must address in this debate.

RR ATTACK/CARTER VULNERABILITIES

- Broken Promises from 1976 Debates
- Selected Quotes from 1976 Debates
- Carter Flip-Flops
- Carter Misstatements
- From Friends of Carter
- What Foreigners Think of Carter

BROKEN PROMISES FROM THE 1976 DEBATES

1. Never raise taxes

"I would never do anything that would increase the taxes for those who work for a living, or who are presently required to list all their income." (1st debate)

2. Reduce unemployment to 4½%

3. Control inflation

4. Balanced budget by end of 1st term

5. High economic growth; 5-5½% a year

6. Increased development and use of coal

7. No food embargoes

"I would never single out food...as a trade embargo item."
(2nd debate)

8. Stand by Taiwan

"I would never let that friendship with the People's Republic of China stand in the way of the preservation of the independence and freedom of the people on Taiwan."
(2nd debate)

9. Strong and respected overseas.

10. Less sacrifice than under a Ford Presidency

"We'll never have a balanced budget, we'll never meet the needs of our people, we'll never control the inflationary spiral, as long as we have seven and a half or eight million people out of work, who are looking for jobs. And we probably got two-and-a-half more million people who are not looking for jobs anymore, because they've given up hope. That is a very serious indictment of this administration. It's probably the worst one of all." (3rd debate)

Other Promises: reduce White House staff and budget. . .reorganize the federal government. . .merit selection of judges. . .government do nothing to encourage abortions. . .good health care. . .

Total Broken Promises From 1976 Campaign

667
130
227
238

Total Promises Made

Kept
Broken
Unkept, Unkeepable, Unverifiable
(Source: RNC, January 1980)

DO
NOT
USE

SELECTED JIMMY CARTER QUOTES FROM THE 1976 DEBATES

Balanced Budget, Economy

"I believe by the end of the first four years of the next term we could have the unemployment rate down to 3 percent,...a controlled inflation rate and have a balanced growth of...about 5%, which would give us a balanced budget..."

9/23/76

"We'll never have a balanced budget, we'll never meet the needs of our people, we'll never control the inflationary spiral, as long as we have seven and a half or eight million people out of work, who are looking for jobs. And we probably got two-and-a-half more million people who are not looking for jobs anymore, because they've given up hope. That is a very serious indictment of this administration. It's probably the worst one of all."

10/22/76

Foreign Policy, Defense

"I think the Republican Administration has been almost all style and spectacular,...not substance...the Ford Administration has failed...Our country is not strong any more. We are not respected any more. We can only be strong overseas if we are strong at home. And when I become President, I will not only be strong in those areas but also in defense."

10/6/76

"We also want to revert back to the stature of and the respect that our country had in previous Administrations...it will come if I am elected."

10/6/76

"The number one responsibility of any President, above all else, is to guarantee the security of our Nation, an ability to be free of the threat of attack or blackmail, and to carry out our obligations to our allies and friends..."

10/6/76

"With our economy in such terrible disarray, and getting worse by the month...this kind of deterioration in our economic strength is bound to weaken us around the world."

10/6/76

CARTER FLIP-FLOPS

Natural Gas Policy

'76 Campaign -- promised deregulation of natural gas. Sent letter to governors of 3 states (Okla., La., Miss.) to win critical votes.

'77 -- came out for continued regulation and expanded regulation. Called decontrol a rip-off.

'78 -- signed decontrol legislation.

Economy

5 Economic programs in 3½ years.

National Defense

'76 Campaign -- promised to cut military spending by \$5-7 billion.

'77 through December '79 fights Congressional attempts to increase defense budget, delays MX, cancels B-1.

'80 Campaign -- claims to be increasing military spending (Democratic Senators say "hypocrisy".)

Government

'76 Campaign -- promised to reduce size of government

'80 Campaign -- created Departments of Energy and Education.

Military

Convinced Helmut Schmidt to accept neutron bomb deployment in West Germany.

Then left Schmidt open to attack by left-wing faction when decided not to deploy; pulled rug out from under Schmidt 2 days after Schmidt public announcement.

Foreign Policy

9/7/79 -- Said of Soviet brigade in Cuba "unacceptable"

Three weeks later, accepted Soviet brigade.

On Cuban Refugees

Announced "open heart and open arms."

Ten days after, ordered halt.

CARTER MISSTATEMENTS

Senator Henry Jackson

- Carter said Senator Jackson has a habitually "warlike attitude" toward other nations. March 31, 1976-New York Times.
- Carter accused Jackson of "making deliberately false statements about me" and "consistently telling falsehoods."
- He also accused Jackson of exploiting the busing issue and its "racial connotations" in Massachusetts.

President Lyndon Johnson

LBJ: A LIAR

- Carter in his Playboy interview said of Richard Nixon and Lyndon Johnson, "But I don't think I would ever take on the same frame of mind that Nixon or Johnson did-lying, cheating and distorting the truth." November 1976-Playboy Interview.

Senator Hubert Humphrey

- Carter apologized for having said Hubert Humphrey was "too old" to be President. March 31, 1976-New York Times.

DO
NOT
USE

Vietnam

- U.S. bombing of Vietnamese villages reflected "racial discrimination." By May on the campaign trail he was calling the war "racist" and condemning the U.S. decision to "firebomb villages." July 7, 1976-Washington Post. (Reappearance-Democratic Issues-November 23, 1975.)

"Killer Rabbit"

"I was by myself in the boat, and I saw this animal swimming... toward me...When it got close enough that I could see the rabbit was going to come in the boat with me, I took the boat paddle and hit the water at the rabbit, and he eventually and reluctantly turned away and went to the shore...the rabbit I don't think was trying to attack me...it was a fairly robust looking rabbit." April 29, 1979-Washington Post. Repeated-August 29, 1979.

"Temporary Inconveniences"

In response to a question about inability to solve problems of inflation and unemployment, Carter responded (in part):

"you know people tend to dwell on the temporary inconveniences and the transient problems that our nation faces." October 20, 1980. Appearance in Youngstown, Ohio-Washington Star-Repeated October 21, 1980.

FROM THE "FRIENDS" OF JIMMY CARTER

• Senator Edward Kennedy

-- "You really have to be sniffing the roses in the Rose Garden to think there is no suffering in the steel industry."

-- April 4, 1980 Washington Star

-- "We have an administration that believes in throwing people out of work to fight inflation. That is an administration without heart. . ."

-- April 1, 1980 Washington Post

-- On the UN vote blunder: ". . . makes American foreign policy the laughingstock of nations throughout the world."

-- New York Press Conference

-- Asked about Carter's view that the economy was looking up. "What Carter is saying is that the country is getting better because it's getting sicker at a slower rate."

-- May 24, 1980 Washington Post

-- "The only environment he (Carter) wants to save is his own rose garden."

-- May 31, 1980 LA Times

• State Senator Julian Bond (Georgia) (on Black issues)

-- "In 1976, this nation turned to a man who clearly knew the words to our hymns, but who in less than a year had forgotten the numbers on our paychecks."

-- July 19, 1980 Washington Post

• Senator Daniel P. Moynihan

-- "I will go up and down the state of New York and say that the Administration broke its word. I am tired of people lying to us on this first subject. . ."

-- January, 1980 hearings on tuition tax credits

-- "President Carter's likening of the 'Palestinian cause' to 'the civil rights movement here in the United States' has properly evoked utter disbelief."

-- August 2, 1979

• Senator Henry Jackson

-- "'We appear to be going from one crisis to another.'"

-- May 13, 1980 Wall Street Journal

- Senator Ernest P. Hollings (Senate Budget Committee Chairman)
(Democrat, S.C.)
 - Accused President Carter yesterday of the "height of hypocrisy" and "outrageous, deplorable conduct" for assailing a compromise congressional budget plan as too defense heavy.
 - May 29, 1980 Washington Post re FY 81 defense spending plan.
- Representative John E. Moss (Democrat)
 - "President Carter has been the least effective president since he (Rep. Moss) came to Capitol Hill."
 - February 8, 1978 Washington Star (on retiring after 26 years in Congress)

FOREIGN COMMENTS TOWARDS CARTER

Helmut Schmidt sought repeatedly to determine U.S. plans only to "read about it, with newspapers." (Time reports Schmidt broke into tears over Carter's failure to understand his responsibility as leader of the U.S.)

Singapore's P.M. Lee Kuan Yew: "a sorry admission of the limits of America's power", referring to Carter's vision of U.S. role.

-- Time, August 18, 1980

High-level British policymaker: "Consultation by the Americans with their European allies has been at its lowest ebb since Suez."

-- Time, June 30, 1980

The prestigious London "Economist" says in its 10/18/80 edition: "The conviction that Mr. Carter is a dangerously second-rate president rests upon the observation that his first term has been marked more by failure than by success, and the fear that there is something in the man which makes it unlikely that the pattern would change in a second term."

The following quotes were taken from the Chicago Tribune, August 21, 1979:

"The American presidency is experiencing its most serious crisis in 50 years, in many respects more serious than Watergate."

-- Il Giornale, Milan

"Placing a 34-year-old imagermaker, Hamilton Jordan, at that power level of the Western world leaves some people uneasy. The members of Carter's young team are the most expensive apprentices in the world."

-- Handelsblatt, Dusseldorf

"Jimmy Carter's difficulties are the result of his ambiguous relationship with the traditional political groups that dominate Congress."

-- Le Matin, Paris

"After 30 months in office, Carter appears to be more a preacher than a statesman, with many exhortations but little action."

-- Frankfurter Allgemeine Zeitung

Memorandum To: Governor Reagan

Subject: Carter's Welfare Record in Georgia

From: Caspar W. Weinberger

Copies to: Ed Meese
Martin Anderson

October 20, 1980

The Governor and Carter were both governors during the period 1970-1974.

Under Carter: Welfare rolls rose in Georgia by 19.3%. The average benefit declined by \$1 per month (from already very low levels)

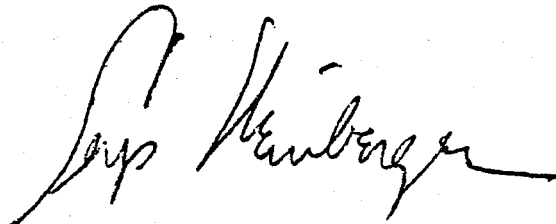
Under Governor Reagan: Welfare rolls in California declined 8%. (If you use the period 1971-1974, they declined 23%) The average monthly benefit rose \$67 a month (or 34%).

State Employees: During the same period, State Employees increased 8% in California, 34% in Georgia. The average increase for all states was 16%.

Spending: In Georgia, 1971-1975, all state spending rose 35%. In California, same period, state spending rose only 9%.

The national average state spending increase during this period was 25%, so state spending was held well below the national average in California during these 4 years; ~~but in Georgia it rose more than twice the national average.~~

The above figures came from Warren Brooks of the Boston Herald. I checked with him, and he confirms those figures. His sources were: HEW for the Welfare figures (based on reports from the states); the U.S. Statistical Abstract, published by the Census Bureau, for the years 1974-79. The spending figures are in constant 1971 \$, measured by the GNP deflation.



Caspar W. Weinberger

REAGAN'S CALIFORNIA RECORD ON THE TOUGH ISSUES

Spending

- Between 1967 and 1975, California's rate of per capita spending growth was the lowest among the ten most populous states, and was lower than in 45 of the other 49 states.
- Reagan reduced the real (inflation-adjusted) rate of spending growth by two-thirds of what it had been under Pat Brown.
- Reagan vetoed 994 bills in his two terms, which prevented an estimated \$15½ billion in spending. Only 1 veto overridden.
- Between 1971 and 1975, when both Reagan and Carter were governors, real per capita spending grew by three percent in California versus 14 percent in Georgia.

Taxes

- Between Reagan's first full fiscal year in office (FY 1968) and the end of his second term (FY 1975) per capita state taxes in California grew at a lower rate than in 47 of the other 49 states.
- Per capita state and local taxes combined grew at a lower rate than in 45 of the other 49 states between fiscal years 1968 and 1975.
- There were some tax increases during Reagan's terms, but they helped to turn a million dollar a day deficit when he took office to a \$554 million surplus when he left.
- Prudent fiscal practice paid off. When Reagan was Governor, California's bonds were upgraded to the highest possible bond rating, Moody's Triple-A, for the first time in 31 years.

State Government Employment

- The civil service work force under RR's control grew as much in RR's entire eight years as it did in only one year under his predecessor. Based on State Personnel Board figures, California's full-time civil service work force grew by only 6000 employees (5.8%) in 8 years, or an average only 750 employees a year (less than one percent annually).
- State employment, relative to population, grew at less than one-third the national state average (10% versus 33%) between 1966 and 1974.
- Between 1970 and 1974, the appropriate benchmarks for comparing Carter's and Reagan's records as Governor, California state employment, relative to population, grew at one-sixth the rate of Georgia's (4% versus 26%).

Welfare

Reagan's welfare reform program began in January, 1971 through administrative means, and was incorporated into legislation in October, 1971. The results were:

- The California welfare rolls were growing at the rate of about 40,000 per month as 1971 began. But between April and November of 1971, as the reform program began to take effect, 175,000 people left the rolls. The decline continued through the end of 1974.
- From the time the welfare reforms started to take effect in 1971 until late 1974, the close of the Reagan Administration, there were over 850,000 fewer persons on family welfare and general assistance programs than had been projected by legislative and other experts prior to the 1971 reforms.
- Between fiscal years 1967 and 1975, real per capita welfare spending in California grew 42% versus a national state average growth of 131%.
- Benefits to truly needy increased by an average of more than 40%.

Consumer Protection

- Reagan reorganized the various consumer protection bureaucracies into a single Department of Consumer Affairs, thereby giving consumers a single department with which to deal.
- Reagan supported the establishment of a Division of Auto Repairs to crack down on unscrupulous practices, signed legislation protecting the public against unordered merchandise, and approved legislation giving consumers the power to sue for damages and injunctions in deceptive practices cases.

Environmental Protection

- Reagan created an Air Resources Board which greatly strengthened the state's powers to control air pollution.
- Reagan implemented a program that outfitted cars with the most sophisticated smog control devices available, reducing hydrocarbon emissions by 90%. Nader group later said Calif. had toughest anti-smog laws in the U.S.
- Reagan played a major role in enacting the California Water Quality Quality Act of 1969--the strongest water pollution control law in U.S. history.

Occupational Safety

- Reagan presided over the 1973 creation of Cal/OSHA, California's safety agency. None of Cal/OSHA's standards have been challenged in court since the agency's inception.

CHIO: Facts

When Carter proclaims economic revival, RR can partly rebut by telling him to look around at some of the economic misery in Ohio:

Unemployment: Ohio -- 10.2% (July, 1980)
9.1% (Aug., 1980)
Cleveland (city) -- 12.7% (July, 1980)

Youngstown: 10/8 trip by RR

- RR spoke at largely abandoned Jones and Laughlin plant in Mahoning Valley, where 13,000 jobs have been lost in last 3 years . . . and buildings were "shells of what once were busy rolling mills and blast furnaces.

Cleveland:

- Ford Motor Company -- out of 8500 workers, 7000 have now been laid off.
- City economy: City defaulted on \$15 million in municipal notes in 1978. Has embarked on 3-year recovery plan, now has first balanced budget in long time. Much of progress due to new Republican mayor, George V. Voinovich. But for complete recovery, city needs healthy national economy.
- Mortgage rates for 30-year mortgage, now 12.7%.
- Housing costs (medium priced new/old home sales average)

1976	\$43,200
1980	\$64,300
1984	\$95,800 (projected under Carter inflation)

For the Cleveland, Akron and Lorain areas.

ECONOMY

- The Economy
- A Bright Economic Future Under Carter?
- Attack Points on Carter Reindustrialization Program (RIP)
- Reagan's 5-Point Strategy for Economic Growth
- Responding to Carter's Attacks on RR's Economic Plan

THE ECONOMY

The Carter Record--Worst of any President in 50 years.
His "Seven Deadly Sins:"

1. Created the worst inflation since WWII
--As high as 18% this spring
2. 8 million unemployed now--highest since Great Depression
✓ --If all the men and women out of work stood in line (2 feet apart), the line would stretch from New York to Los Angeles.
3. Nearly doubled the level of taxation.
--The average family of 4, pays \$5,000 more in taxes a year.
4. Increased federal spending by more than 50%.
5. Four year deficit is biggest of any President in history.
--Last year's deficit (including off budget) single largest in history ---\$77 billion.
6. Increased national debt by over 40%.
7. Highest interest rates since the Civil War.

	<u>When Carter Elected</u>	<u>Today</u>
Inflation	4.8%	12%+
Unemployment	7.3	7.5
Misery Index	12	20
Mortgage Interest Rates	9	14

Carter in 1976 debates promised that by end of 1st term, would reduce unemployment to 4½%, inflation would be controlled, budget would be balanced. Also promised in debates never to raise taxes for working people.

What 4 More Years of Carter Will Be Like:

-- Another four years of Carter inflation will mean that goods will cost twice as much as when he was elected. In the September '80 figures released last Friday, the cost of groceries was escalating at the annual rate of 25.3%. Examples of 1984 prices with continued Carter inflation:

✓ Milk	\$3.60 /half gallon
Bread	1.85 /loaf
Hamburger	2:17 /pound

Senate budget committee estimates that with Carter programs, federal taxes will double once again by 1985 (to \$1.1 trillion).

Under Carter economic programs, Washington scheduled to take 30 cents out of every new dollar earned in the economy. Washington already taxing at war-time levels.

Carter Blames Everyone But Himself

1. Has blamed OPEC
2. Has blamed American people (their malaise)
3. Has blamed Federal Reserve most recently (even though he appointed 5 of 7 members, including the chairman).

Symbol administration: Finger pointed the other way.

Carter Still Fails to Recognize the Source of the Problem

September 12, 1979 speech: "Government cannot... reduce inflation."

Oct. 14, 1980 speech. Listed as first cause of inflation "The failure to raise adequate revenues at a time of greatly increase public spending."

Carter Also Fails to Appreciate the Suffering

Oct. 20, 1980, speech, when asked about inflation and unemployment, told audience in Youngstown, Ohio: American people shouldn't dwell on "temporary inconveniences."
--Not temporary inconvenience to elderly and poor.

Under Carter, "real spendable median income" (after taxes and inflation) has dropped about 10% since 1977. (NOTE: some other measurements show slight increase since 1977, but all show that upward escalator has stalled for personal income in U.S. The pie has just stopped growing.)

A BRIGHT ECONOMIC FUTURE UNDER CARTER?

The nation's economy is "well on the way to a full recovery...I think the future looks very bright for us."

Jimmy Carter
Youngstown, Ohio
October 20, 1980

Points to be Made:

1. Inflation may choke recovery: There is a widespread concern among economists that high interest rates and high inflation will cause the fragile recovery to stall out within a matter of weeks.

"As we look ahead, after several months of improving real activity, the recovery is likely to suffer a setback around the turn of the year...The recent run-up in interest rates reduces the likelihood that the summer economic rebound will initiate a sustained recovery."

Walter Heller
John Kennedy's chief
economic advisor
October 17, 1980

2. Can anyone trust Carter this time? Last time, he promised us less inflation, less unemployment, a balanced budget -- and look what we got. Why should we trust him again?

Example of Carter's lousy forecasting: At beginning of 1978, he forecast a 6% inflation over next 12 months. Turned out to be 13%. Jimmy Carter's license as a forecaster ought to be revoked.

3. Even Carter's own men don't believe him: Consider recent comments from some of those closest to him:

✓ "We're not going to see any quick progress for inflation...it will take seven or eight years for the rate to drop" to an acceptable level.

Treasury Secretary
William Miller
New York Daily News
October 23, 1980

On that same day, Alfred Kahn, Carter's chief inflation fighter, warned that consumer food prices will rise sharply for the remainder of the year -- nearly 12% in months ahead.

Washington Post
October 23, 1980

4. A Reagan Dare: If Jimmy Carter believes the economy is so bright, I agree with what Ted Kennedy said some months ago -- he's been so busy sniffing roses in the rose garden that he's lost touch with America. I dare him to come with me tomorrow morning -- and I'll take him on my own plane -- to see the real America of 1980:

South Bronx
Youngstown (Jones & Laughlin)
Detroit (where auto sales announced last week
were sharply below a year ago)

ATTACK POINTS ON CARTER REINDUSTRIALIZATION PROGRAM (RIP)

- Carter revitalization program is fifth program in this administration and the third economic program in last eight months.
- Program jeopardizes pension funds by using them to bail out firms in financial trouble. Very troublesome for union members.
- Many observers believe this plan is election-year window dressing. Has never been sent to Hill and there is little evidence that serious work is being done on it.
- Federal tax burden would rise more than \$80 billion next year.
- Carter plan does not significantly impact unemployment. Administration's own spokesmen say that even with the plan unemployment would run at 8.5% a year.
- Credit against Social Security tax is meager, a bandaid for largest peace-time tax increase (Carter social security tax); barely offsets inflation of last 4 years.
- Economic Revitalization Board designed to create a working partnership for business and industry, has potential for further government interference. We don't need another agency. Federal welfare for business. Parallels British economic sickness.

REAGAN'S FIVE-POINT STRATEGY FOR ECONOMIC GROWTH

1. REDUCE GOVERNMENT SPENDING

Reagan Proposed Percentage Reduction in Senate Budget Committee Projected Spending

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Expected Reductions	2%	4%	5%	6%	7%
Reductions Goal	3%	6%	8%	10%	10%

--Carter projects annual federal spending will increase from \$563.6 billion in FY 80 to over \$900 billion in 1985.

--RR expects to cut the FY 85 amount by \$64 billion (\$13 billion in FY 81)

- Through comprehensive assault on waste and inefficiency, including:
 - Appointments of men and women who want spending control.
 - Immediate freeze on level federal employment (note: partial freeze now in effect).
 - National Citizens' Task Forces to rigorously examine every department, agency (as RR did in California).
 - Spending Control Task Force (chaired by Weinberger, former OMB director) to submit detailed report during transition on elimination of waste, extravagance.
 - RR plan will carefully preserve necessary entitlements already in place -- e.g., Social Security. But RR will restrain Congressional desire for "add ons" and will make administrative savings.

2. REDUCE TAXES

--Senate Budget Committee estimates federal tax revenues will more than double by FY 85 to \$1.1 trillion a year (rise of about \$117 billion a year, total of \$584 billion). Taxes next year will rise by \$86 billion under Carter.

--RR proposes a three-part program:

- (1) Across-the-board reduction of 10% a year in individual income tax rates, 1981, 1982, and 1983.
- (2) Indexation for personal income tax brackets thereafter.
- (3) Accelerated depreciation to stimulate job-creating investments.

-- Revenue effects

- Estimated loss in taxes: \$172 billion in 1985.
- Cuts would stimulate an additional 1% in annual economic growth by FY 85. Conservative Senate Budget Committee estimates are that such growth will produce an additional \$39 billion in revenue in FY 85. RR, as a supply sider, has confidence that more revenues will be generated.
- Federal budget would move into balance in FY 83 -- the first time since 1969 -- and would show surplus of \$93 billion in FY 85. (Source: U.S. Budget FY 81).

-- Federal share of GNP

- Under Carter, Federal share of GNP rising steadily:

1976	18.5%	(Source: U.S. Budget FY 81)
1981	21.7%	(projected)
1985	24.4%	(projected) Highest rate in history
- Under RR plan, federal share of GNP in 1985 would be 20.4%.
 - 16% lower than Carter and much closer to historical average. (Source: Sen. Budget Committee Minority)
 - Note that under Carter, Washington's projected share of economic growth through 1985 expected to be stunning 31%.

- Note RR still in favor of repealing destructive elements windfall profits tax, estate and inheritance taxes, and providing tuition tax credits. But these not included in above estimates. Would be phased in when fiscally possible.

3. DEREGULATION

- Thorough and systematic review pledged; RR to see how regulation has contributed to economic deterioration without backing away from general goals.

-- Steps to implement include:

- Effective economic impact statements re future regs -- weighing cost against benefit.
- Working with Congress to tighten the reins on regulators -- too much discretion today.
- Priority analysis of every current regulation to see if needed -- like sunset review.
- Special task force (headed by Dr. Murray Weidenbaum, one of nation's foremost authorities on subject) to submit detailed recommendations in November.

4. SOUND MONETARY POLICY

-- Independent Federal Reserve; but RR appointees would be men and women who share commitment to restoring value of US dollar and believe in sound, stable, and predictable monetary policy.

5. RESTORE PUBLIC CONFIDENCE

-- Carter has announced 5 new economic policies, 3 in the past 8 months. Uncertainty has created mass confusion, undermined credibility of his policies (only Carter certainty: more taxes, more hardship, more confusion).

-- RR plans to establish and implement economic policy early -- within first 90 days -- and then stick to essentials of this policy.

-- Policy will be oriented toward the long-term; no sudden or capricious change of "rules of the game."

RESPONDING TO CARTER ATTACKS ON RR'S ECONOMIC PLAN

I. Carter: RR economic proposals are wildly inflationary.

1. Would never take advice on inflation from economists in the Carter administration. They have been about as helpful to the economy as the iceberg was to the Titanic.

- Gave us the worst inflation in peacetime history.
- Act as if no one can cure. But Gerald Ford cut inflation in half in less than 2 years. And Germany and Japan, even though they are more dependent on oil than U.S., last year had inflation rates less than half our own. Inflation can be controlled.
- Finally, they misunderstand the cause of inflation. Carter said last year that "government cannot..... reduce inflation" (Washington Star 9/12/79). Absolutely wrong: government is the chief cause of inflation.

2. RR would cut to the heart of problem by cutting the growth of govt spending. Would cut at least 7% -- goal of 10% -- from projected Carter spending. Comprehensive assault on waste and fraud, begin to return some responsibilities to the states. Would balance the budget by 1983.

3. Cuts would be joined by reduction in tax rates designed to spur economic growth, increase productivity of our workers.

- By producing more goods, we will finally end the inflationary cycle of too much money chasing too few goods.
- Disagree with Carter economists that it is not inflationary for government to spend your money but is inflationary for you to spend it. That's the kind of elitist thinking that has gotten us in such a mess.

4. The projections in my proposal are very conservative -- project inflation rate of about 7.5%, but convinced that if we finally jolt the economy out of stagnation, we can do much, much better.

Ford -- with his strong use of veto power -- actually brought the inflation rate down 20% faster in 1975 than his advisers predicted.

- RR in California also brought down inflation. Veto a powerful weapon there too.

So it can be done.

II. Carter: RR can't cut taxes, raise defense spending and balance the budget -- unless he uses mirrors or drastically cuts social programs.

1. Accept the fact that Mr. Carter sincerely believes this -- because the way he intends to balance the budget over the next four years is to raise taxes by over a trillion dollars. Under Carter, Washington alone will take better than 30 cents out of every dollar in the economy over next four years.

2. But the Carter economists are living in the past with ideas that no longer work. They still cling to the notion that the answer to our economic and social problems is for Washington to spend and spend, tax and tax, elect and elect. That may have worked 40 years ago, but it is bleeding us dry today.

-- RR puts his faith in new and more powerful idea: economic growth through a revival of the supply side of the economy. Inject new life into the private sector.

3. RR has been working with some of best economists in country -- two former chairmen of the Council of Economic Advisers (Greenspan and Burns), a Nobel laureate (Milton Friedman), former secretary of the Treasury (Simon) and others -- to build an economic program based on hope -- not despair.

4. Because Carter has built so much inflation into the economy, tax revenues will be growing faster than Washington will be able to effectively use. Carter wants to have Washington spend most of that extra revenue; RR wants to give some of it back to the taxpayers.

5. Cuts in tax rates will then allow both consumers and business to expand their buying power, will increase overall growth. Start up the economic engine again -- while also keeping all of Washington's social commitments and still balancing the budget.

6. One point often overlooked: the underground economy. Professor Edgar Feige of University of Wisconsin has recently estimated that underground economy may be as high as 27% of GNP and it is growing at roughly triple the rate of the rest of the economy. (WS Journal, Oct. 20, 1980)

-- Most Americans want to live within the law. If taxes can be lowered, RR believes that a good deal of this underground economy will go above ground -- becoming tax-supporting again. Carter economics is just driving them below ground.

-- Also noteworthy that in underground economy -- where there are no real taxes -- prices may be as much as 20-40% lower than above ground. Shows what can be done in a more tax-free environment.

7. But the key point is this: RR is putting his faith in private enterprise and economic growth. Carter is putting his faith in more government -- and economic stagnation.

III. Carter: RR plan is Robin Hood in reverse -- take from the poor and give to the rich. More GOP trickle-down.

1. When Mr. Carter came back from Texas last week, he brought some of that horse manure with him. He's absolutely wrong about these tax cuts -- everyone in America gets the same cut in tax rates over the next three years.
2. Proposal is heavily weighted toward middle income people, because they are the backbone of the American economy. Under RR plan, those who make under \$30,000 each year would get more than half of the tax benefits -- even though they pay less than half of the taxes today. (Joint Committee on Taxation)
3. As for the rich, just recall the tax cuts of Jack Kennedy that were so successful in the 1960s and ignited one of the strongest periods of economic growth in 40 years. RR plan very similar to Kennedy's. After Kennedy cut taxes across the board like this, the taxes paid by millionaires doubled within two years.

ENERGY

- Conservation desirable, but key is higher production. It can be done:
 - US has 47 year supply of oil (including shale)
 - 27 years of natural gas
 - 321 years of coal. (1980 report from DOE & reports from US Geological Survey)
- Carter talks about more production, but his actions discourage it:
 - His Dept of Energy (\$12 billion, 35,000 pages of regs) has increased red tape, bureaucracy.
 - Oil:
 - His "windfall profits tax" will reduce production by 500,000 barrels/day by 1990 (enough for 250,000 cars/year).
 - Burdensome restrictions on offshore leasing. Only 4% of Outer Continental Shelf offered for lease; no off-shore leasing in Alaska, and Carter has locked up nearly 100 million square miles of Alaskan land.
 - Coal: 1,000 new pages of regs has contributed to one of worst slumps in history (22,000 miners out of work)
 - Natural gas: His opposition to dereg and then signature on faulty bill (creating 23 pricing categories, extending controls to intrastate natural gas) holding production down.
 - Nuclear: Under JC, net of 4 new plants ordered, 36 orders cancelled. Net loss of 32 plants equivalent to 900,000 barrels/day of oil.
- Result of Carter policies: production far below potential
 - Oil: In lower 48 states, production has fallen each year under JC; overall, down 12% (Total US production has gone up slightly because of new inflow from Alaska -- but that's only because of Alaskan pipeline, built over objections of many Democrats in Congress & long before Carter).
 - Natural gas: production up only 2% in JC's first 3 years.
 - Coal: Carter promised in 1979 to double production by 1985, but it has been increasing only 4% a year under JC so far.
 - Nuclear: no new orders in 2 years.
- American consumers also paying high price for Carter policies:
 - Gasoline prices have doubled under JC; frequent long lines.
 - Home heating oil also up sharply. US average has increased from 41¢ per gallon in 1976 to \$1.00 per gallon in 1980.
 - Oil import bill has also doubled, creating worst trade deficits in US history, weak dollar.
- Reagan 4-Point Energy Policy
 1. Greatly accelerate production
 - Dereg oil and natural gas ASAP.
 - Accelerate federal leasing for oil, eliminate unnecessary regs on coal (consistent with good environment)
 - Streamline nuclear licensing, upgrade nuclear safety standards, accelerate solutions for waste.

2. Encourage greater conservation, relying primarily on market.
 - Between 1973-78, industry on own produced 12% more goods with 6% less energy.
 - Continue tax credits, faster depreciation to encourage greater energy investment.
3. Accelerate development of national petroleum reserves
 - 4 year old program is now 3½ years behind schedule. Designed to have 6 month supply, has only 2 weeks. Carter vulnerable in light of unsettled situation in Middle East.
4. For long term future, provide research funds to stimulate new technologies such as solar, fusion.

Other Notes

1. Abolition of DOE: Carter will criticize as simplistic. RR would transfer necessary functions such as defense research to other departments. Reduce reg/related programs now costing \$2 billion a year.
2. Synthetic Fuel: RR has opposed Carter call for \$88 billion Syn Fuels Corporation which commits government to subsidize syn fuels. More big government; could create white elephants. Better to support research on new technologies, let private enterprise develop the most promising.
3. Windfall profits: Carter will assert RR trying to enrich big oil. But the tax actually hits small independents who drill 80-90% of exploratory wells essential to new oil finds. Tax also makes US most expensive place to search for oil.
4. 55 mph speed limit: RR does not reject -- wants to leave to states.
5. Other Carter attack lines:
 - RR statement about more oil in Alaska. Some estimates do show potential in Alaska greater than Saudi reserves, but critical point is Alaska shouldn't be locked up.
 - RR statement that US could be energy self-sufficient in 5 years. Critical point again is to move consistently in right direction. Not like Carter.
 - RR statement that conservation only means running out more slowly. If Carter raises, point out pure conservation/anti-production will lead there. Critical point is to achieve balance
6. US dependence on OPEC. Carter may claim it is down from 1979. But reason is the recession in 1980 and skyrocketing prices. If we get economy back on track, will discover that we are still excessively dependent on OPEC.

NUCLEAR POWER

- In next several years, U.S. has no choice but to rely upon more nuclear power and increased production of coal.
- Carter agrees, but his ineffective leadership has jeopardized nuclear industry:
 - JC unable to prevent Democrats from adopting platform calling for phase-out of nuclear plants.
 - Since 1977, plans for 32 nuclear plants (net total) have been cancelled. Will mean loss of nearly 900,000 barrels of oil/day.
 - Cancellations due in large part to public concern about safety, unresolved issue of nuclear waste disposal.
 - Carter Administration apathetic about safety until Three Mile Island. Then appointed Kemeny Commission to review safety efforts of Nuclear Regulatory Commission. Safety recommendations welcomed -- and we should proceed on them; give us a safer foundation on which to build.
 - Administration and Congress also slow to address problem of nuclear waste. Technology has been largely developed, per experts, but hard political decisions still must be made on waste. Carter hasn't shown enough leadership here.
- Reagan Approach: Move ahead with safe program.
 1. Accelerate development of nuclear power through technologies that have been proven safe, efficient.
 2. Streamline licensing process through consolidation of present review process and through standardization of reactor design (outrageous that U.S., once the pioneer in nuclear power, now takes more than twice as long to plan and build new plant as Japan, many nations of Europe).
 3. Accelerate safety effort along lines of Kemeny report.
 4. Demonstrate waste disposal alternatives and try to solve difficult siting problems (no one wants in his backyard).